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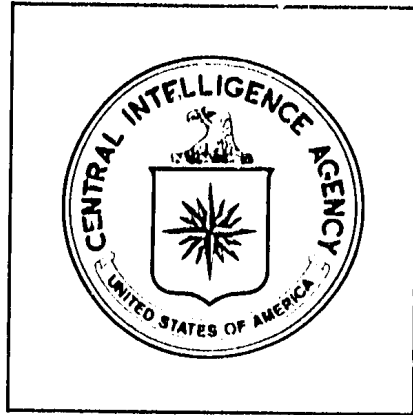
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STAFF NOTES:

Middle East
Africa
South Asia

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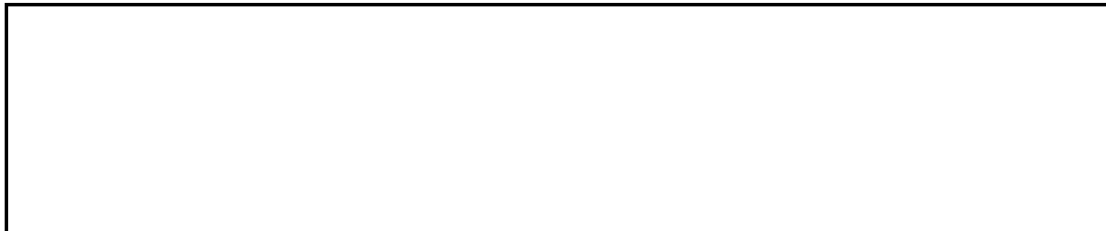
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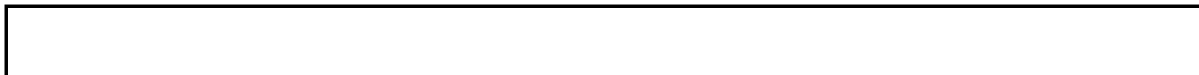
MIDDLE EAST - AFRICA - SOUTH ASIA



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Israel-EC

Trade Pact

The EC and Israel expect to sign a free trade agreement this weekend that will enter into force on July 1.

It will be the first accord to be signed as part of the EC's so-called Mediterranean policy. The agreement provides for the gradual establishment of an industrial free trade area, a reduction in agricultural tariffs and increased technical, scientific, and industrial cooperation. It also allows Israel to apply for financial assistance once similar arrangements are negotiated between the EC and Egypt, Syria, Lebanon and Jordan.

Italy continues to object to easing EC tariffs on agricultural products that compete with Italy's. As a result, agricultural provisions of the accord will not come into effect until Rome's problems can be resolved, in part probably through higher community farm subsidies for Italy. This also means that the farm section of the agreement with Israel will not be activated until the negotiations with the Maghreb states, stalled over the same issue, are concluded.

Nevertheless, for Israel, the agreement with the EC could not come at a better time. The government, in addition to expecting substantial economic benefits to flow from the association, is pleased with the implied broadening of its international political position as it braces to resist pressures from the Arabs, the US, and some Europeans for a modification of its stand on Middle East settlement issues.

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Somalia-France*Signs of Growing Tension*

Tension between France and Somalia appears to have increased recently following renewed efforts by Somali President Siad to encourage independence for the French Territory of the Afars and Issas on the east coast of Africa. The French, obviously concerned by some of Siad's public statements, have stepped up their security precautions along the border with Somalia and requested the withdrawal of Somalia's consul general and vice consul from Djibouti, the Territory's capital. [REDACTED]

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Somalia has traditional claims to the area, including the port of Djibouti, because ethnic Somalis make up a large part of the population. President Siad has long made it clear that he considers the French presence there intolerable. During a visit to Paris last autumn, Siad asked French President Giscard to grant independence to the Territory. In reply, Giscard referred to the referendum held in 1967 in which 67 percent of the Territory's 37,000 voters voiced a desire to remain under French rule.

Last February, Siad stepped up his polemics against the French, claiming that people in the Territory were being "massacred, deported and shot" to prevent the expression of a popular desire for freedom. More recently, Siad has had some success in enlisting at least the moral support of Arab states for his campaign. Last month, the Arab League Council passed a unanimous resolution urging independence for the Territory and formed a ministerial committee to make contacts with France.

France has a strong interest in maintaining its territorial presence and limited political influence in the Indian Ocean area. In addition to sharing a common desire with its Western allies to secure the

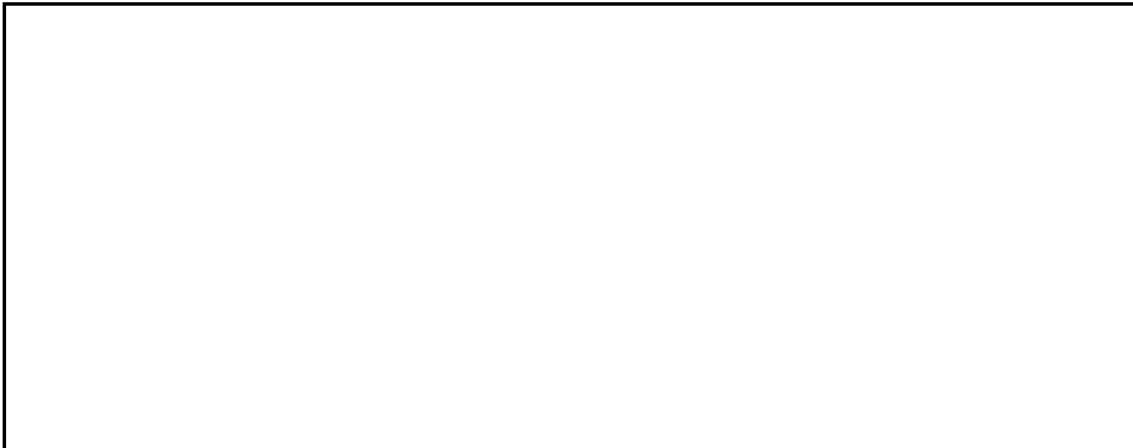
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oil-supply route around Africa from the Persian Gulf, Paris has shown growing concern that the Indian Ocean not be left in sole control of the US and the USSR. The port of Djibouti will also increase in economic importance after the Suez Canal reopens next month.



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The French appear determined to remain in the Territory; French forces stationed in Djibouti were strengthened last summer and security precautions along the Somali border have become stringent. A major problem for the French forces is curbing infiltration by Somalis who cross the border illegally. The Somalis are attracted to Djibouti by the relatively better prospects of employment and higher living conditions. An influx of illegal Somalis could soon tip the ethnic balance in the Territory against the pro-French Afar tribesmen who cooperate with the French in controlling local affairs.

Paris' commitment to retaining the Territory was reflected in a visit late last month by the French secretary of state for overseas territories. In a major speech, he emphasized French concern for the people of the Territory. France's interest in the area is also being expressed in the form of new public works projects in and around the capital city.

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Pakistan

Security Situation Improved in Frontier Provinces

Prime Minister Bhutto's government continues to make progress in consolidating its control in Pakistan's politically sensitive western border provinces.

Last week Bhutto installed a new provincial government in the North-West Frontier Province, ending the direct rule by the central government he had imposed there last February following the assassination of his chief political lieutenant in the province. Bhutto apparently was able to lift direct federal rule because the level of violence in the province has not increased significantly since February. Many observers had expected an upsurge of unrest following Bhutto's suppression of the leading opposition party; Bhutto claims the party was behind the assassination.

A number of the government's more militant opponents in the province managed to avoid arrest in February and could cause trouble in the future. Some of them reportedly are receiving guerrilla training in neighboring Afghanistan, which supports their efforts to attain self-determination for the frontier region. Pakistan's army, however, is probably capable of containing these dissidents.

Baluchistan, Pakistan's other troublesome western border province, has been generally quiet since last fall. A sizeable army presence, together with political maneuvering by Bhutto's supporters and heavy new government spending on economic development, has helped to keep the lid on. Portions of the province had been disrupted in 1973 and 1974 by an insurrection on the part of tribesmen opposed to central government control.

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